

TESTIMONY SUBMITTED TO THE BANKS COMMITTEE
March 8, 2011

Commissioner Howard F. Pitkin
Department of Banking

SB 1109, AAC BANKS,
SB 1110, AN ACT CONCERNING CONSUMER CREDIT LICENSES,
HB6285, AAC THE CONNECTICUT UNIFORM SECURITIES ACT,

Good morning Chairman Duff, Chairman Tong, members of the committee, my name is Howard F. Pitkin and I am the Commissioner of the Connecticut Department of Banking. I am here to testify in favor of three pieces of legislation.

SB 1109, AAC BANKS, is the first bill I wish to speak on. The proposal is necessary to clarify the fees for out-of-state branch relocations and to delete a redundant and confusing provision.

The bill would allow the agency to grant investors conditional preliminary approval to organize more than one bank to acquire failed banks. It is unnecessary and unduly burdensome to have investors file another application for preliminary conditional approval in order to organize additional banks to acquire failed banks. The department already will have checked the resources and suitability of the investors prior to issuing the preliminary approval. Moreover, the agency has the ability to impose conditions in the preliminary approval process with respect to the organization of subsequent banks to ensure that all capital and other requirements continue to be met.

Also there is a proposed new provision authorizing Connecticut banks to merge with their nonbank affiliates would give these organizations flexibility with respect to corporate reorganizations and put them on a level playing field with national banks. This bill was proposed last year and was not enacted due to time constraints.

The next bill I wish to comment on is ***SB 1110, AN ACT CONCERNING CONSUMER CREDIT LICENSES***. This proposal impacts, in different ways, all of the industries licensed by the Consumer Credit Division. With regard to mortgage licensees, the proposal addresses the following: (1) it requires certain individuals engaged in loan processing or underwriting to obtain a loan processor or underwriter license; (2) it creates an ability for entities exempt from licensing requirements as mortgage lenders, correspondent lenders, or mortgage brokers to register as exempt registrants on the NMLS for purposes of sponsoring and bonding individuals required to hold mortgage loan originator licenses; (3) it clarifies bonding requirements for mortgage loan originators and their sponsoring entities. With regard to debt negotiator licenses, the proposal requires certain individuals who are engaged in such activity in connection with

residential mortgage loans to obtain mortgage loan originator licenses under the mortgage chapter. The proposal further addresses attendant bonding requirements and exempt entity registration capability for debt negotiators, as applicable. The proposal makes various other technical and conforming changes to our statutes governing all the consumer credit license types, and includes expansion of the agency's authority to conduct criminal history background checks on non-mortgage related license types. Many aspects of this bill were proposed in our legislation last year, which too was not enacted due to time constraints. We will be working with the legislative commissioner's office to correct certain issues we have identified in this proposal, and anticipate the need for some substitute language.

The last agency bill is almost purely technical in nature. *HB6285, AAC THE CONNECTICUT UNIFORM SECURITIES ACT* conforms Connecticut law with federal law exempting all investment advisors from the requirement that investment advisers are exempted from the registration requirements set forth in the Connecticut General Statutes. The legislation would put the agency in conformity with federal definitions.

Thank you for your attention to these matters and I will answer any questions you may have on this or any other bills.